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THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Written statement submitted by the Centre Europe Tiers-Monde,
a non-governmental organization on the Roster

The Secretary-General has received the following written statement, which is circulated in accordance with Economic and Social Council resolution 1996/31.

[25 June 1999]

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Free trade in agricultural products imposed on the South by World Trade Organization agreements and its consequences

1. The prevailing view that international trade liberalization and deregulation provide the best guarantee for economic and social rights through growth is belied by the facts. These are abundantly illustrated in the reports of the United Nations Development Programme (UNDP), which portray the disastrous situation of millions of people worldwide, who face famine and unemployment and are denied arable land, housing, access to education, etc.

2. In this paper, we would like to draw the Sub-Commission's attention to the consequences of free trade, imposed on southern countries by the World Trade Organization (WTO), especially in agriculture.

3. WTO officially began operations in January 1995, taking over from the GATT after the conclusion of the Uruguay Round negotiations. Agriculture appeared for the first time in one of the agreements signed on that occasion. This is a matter of concern for a growing number of farmer organizations, NGOs and some southern countries. The agreement deprives the latter of the right to control imports of food and other agricultural products. It also forces the governments of those countries to reduce and eventually to end their subsidies to farmers, thus exposing them to the competitive conditions of the global agricultural market.

4. Four years on, the disastrous impact on southern countries which have liberalized that crucial sector is becoming clear: control of the world food system is falling into powerful hands, or more precisely into those of the major agribusiness corporations. This is affecting the lifestyle, income and even the survival of small farmers worldwide, and is threatening the food security of many countries.

5. In November 1996, the heads of State and government of 186 countries met in Rome for the World Food Summit convened by the United Nations Food and Agriculture Organization (FAO). They proclaimed their national commitment and their political will to make a constant effort to eradicate hunger in all countries. They agreed to do everything possible to reduce the number of people suffering from chronic malnutrition - which now stands at over 800 million - by the year 2015. Following its free-trade approach, FAO maintains that the withdrawal of domestic trade barriers should enable all countries to export more products for which they have a "comparative advantage", while eliminating less productive activities. FAO does admit that this will entail "adjustment costs" for producers, but insists that such costs will be offset in the longer term by new export opportunities and the broader benefits of modernization.

6. It turns out, however, that the free market is an illusion intended to serve the interests of the strongest, and that global liberalization would be extremely harmful, considering the disparities in production facilities and the diversity of market players.

7. The first problem concerns agricultural subsidies. Southern farmers are at an enormous disadvantage in this respect. A small southern farmer earns in a year hardly more than the subsidy per tonne granted to his United States

"colleague" under the Export Enhancement Programme (EEP) (US$ 77/tonne). Considering the latter, if suitably equipped, produces between 800 and 1,000 tonnes a year, the subsidies alone received by an American cereal farmer are a thousand times greater than his southern colleague's income.

8. Free-trade advocates recognize that such subsidies cause distortions in the market, but they maintain that they are bound to disappear as a result of the new GATT measures, gradually introduced since 1995. Hence the widespread illusion that producers all over the world are placed "on an equal footing". This GATT agreement is a real fraud. In actual fact, the developed countries have only undertaken to reduce their subsidies by between 20 and 36 per cent. In addition, far from eliminating the subsidy structure of industrialized countries, the GATT has left them broadly unchanged, especially thanks to the bilateral agreement between the United States and the European Union known as the "green box". Through that agreement, the United States and the European Union have succeeded in maintaining and even expanding the subsidies on their agricultural exports. Some governments of southern countries, on the other hand, will be forced to liberalize their economies still further, by reducing their taxes on imported foods by 24 per cent and by increasing their minimum imports from 1 per cent to 4 per cent.

9. But even if, according to the agreements, subsidies are due to be eliminated in the longer term, the real problem lies elsewhere: the differences of productivity between different countries in the world, and more particularly between southern countries and northern countries, are such that making them compete freely against each other can only lead to the elimination of the weakest, i.e. to the destruction of the southern economies. At the end of the twentieth century, the best equipped farmers in developed countries and a few limited sectors of southern agriculture can achieve net productivity levels of the order of 5,000 grain-equivalent quintals per worker; in the developing countries, on the other hand, productivity among most manual labourers is still of the order of 10 quintals. The sharp shock of opening up agricultural markets can only aggravate the existing inescapable gap.

10. In other words, the liberalization of international trade cannot be conducive to the development of domestic agricultural economies. The beneficiaries are neither the farmers nor the governments of the third world. The effect of trade liberalization has chiefly been to enrich transnational agribusiness corporations (TNCs) such as Cargill and Continental. The giant coporations in this sector between them already control three-quarters of world trade in cereals.

11. The worldwide competition WTO wants to introduce is unfair, inappropriate and disloyal. It is unfair, because the northern TNCs, with their advanced technology and their agribusiness experience, can only cause the disappearance of traditional agriculture, which is left helpless. "They are generally unable to compete with powerful TNCs that benefit from strong economies of scale, large amounts of capital and technology and have access to global markets. The technological and managerial skills that investors generally bring with them also give them a competitive advantage over local producers." 1/ Secondly, it is inappropriate, because it does not serve any real need, apart from swelling the profits of transnational corporations and enriching elites. Lastly, it is disloyal, not only because of the subsidies

granted to agriculture and the maintenance of protectionist barriers in northern countries, but also because "while generous incentives are extended to foreign investors, small producers suffer under considerable constraints, including the disincentive of an unfair tax burden." 2/ Furthermore, TNCs are subject to no controls.

Impact on the environment and health

12. The system of intensive agricultural production on which global competition is based is dangerous for consumers' health and more generally for biodiversity, since only high-yield species are bred. The beef trade in Britain was seriously disrupted by mad cow disease, which led to the extermination of 165,000 cows on account of the risk of the disease spreading to humans. The true extent of the recent scandal in Belgium involving dioxine-infected chickens is still not known. Farmers are now expressing doubts about intensive agricultural production, and the public has realized that nature cannot just be squeezed like a lemon. It is hardly prophetic to guess that unless proper measures are taken, there will be more and more cases of mad cows and dioxine-infected chickens.

13. Genetically modified organisms (GMOs), which, under cover of higher productivity, are shifting agricultural profits into the hands of the transnationals, will lead to a further reduction in biodiversity and the food security of southern countries. Furthermore, the long term consequences of these organisms for the environment and health are still not known.

Meeting the food needs of the world population?

14. Unlike the idea put out by companies marketing GMOs, these offer no solution to the future food needs of developing countries. In fact, to the extent that they monopolize agricultural research at the expense of other approaches, GMOs might again have a very negative impact.

15. As Mr. Danilo Türk has said, "the free market has never had the capacity or capability of creating conditions wherein the economic, social and cultural rights of all citizens were met and fully realized". 3/ Similarly, global free trade in food has little or nothing to do with meeting human needs. On a global level, the aim of the food trade is not to ensure adequate nutrition, but to locate effective, i.e. solvent demand. This is why the greater part of agricultural trade occurs among populations that are already well fed.

16. A particularly eloquent example is the trade in grains such as maize, 60 per cent of which is destined for animal feed rather than for human consumption (this is a highly inefficient way of converting proteins into energy, considering that meat proteins cost 10 times more than the proteins found in lentils or cereals). This example raises doubts about productivity goals in terms of the energy and environmental costs involved and points to the conclusion that some agricultural systems actually consume more resources than they produce.

17. On a global scale, the problem of hunger is not and has never been caused by sheer shortage of food. There is plenty to feed everyone in the world, and yet more people than ever go hungry. This means it is not a

question of democracy, but a problem of production and distribution and disparities in purchasing power. Apart from global food insecurity, agricultural free trade aggravates poverty structurally by reducing the capacity of people to either grow or purchase their own food.

In rich countries, poverty and hunger are also a fact of life

18. For example, while there are mountains of food on Britain and miles of food shelves in supermarkets, one-fifth of the British population cannot afford an adequate diet owing to increasing unemployment and cuts in government aid. Five companies alone control 70 per cent of the food market in Britain. Food insecurity is also worsening in the rich countries as the food system becomes increasingly centralized.

19. With respect to human rights, it is essential to have a global approach in order to give "practical meaning to the concept of indivisibility and interdependence of all human rights". 3/ In that sense, the right to food must be defended in the same way as the right to life. And yet, by signing a whole series of trade agreements, like the free agricultural trade agreement that we commented on above, most States are endangering the lives of their citizens. Even if it cannot be demanded of States that they meet the food needs of their citizens, they may nevertheless be expected to create the necessary conditions for these needs to be satisfied (as stipulated in art. 11 of the International Covenant on Economic, Social and Cultural Rights), instead of agreeing to conditions that actually prevent enjoyment of that most basic right. Does one need to recall that the realization of human rights is an obligation for States and not an option?

20. We urge the Sub-Commission to undertake a study on the implications of free trade and the GATT and WTO agreements for human rights, particularly in the field of agriculture.

Notes

1/ Document by the Secretary-General, The relationship between the enjoyment of human rights, in particular, international labour and trade union rights, and working methods and activities of transnational corporations (E/CN.4/Sub.2/1995/1, para. 132).

2/ Ibid.

3/ The realization of economic, social and cultural rights: second progress report prepared by Mr. Danilo Türk, Special Rapporteur (E/CN.4/Sub.2/1991/17, para. 178).

4/ Realization of economic, social and cultural rights, final report submitted by Mr. Danilo Türk, Special Rapporteur (E/CN.4/Sub.2/1992/16).